

1. Company details

Name of entity:	PS&C Ltd
ABN:	50 164 718 361
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	13.4% to	73,900,053
Loss from ordinary activities after tax attributable to the members of PS&C Ltd	down	180.3% to	(5,596,221)
Loss for the year attributable to the members of PS&C Ltd	down	180.3% to	(5,596,221)
		2017	2016
		Cents	Cents
Basic earnings per share		(8.12)	11.12
Diluted earnings per share		(8.12)	11.12

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the group after providing for income tax amounted to \$5,596,221 (30 June 2016: profit of \$6,972,937).

Please refer to the accompanying commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(40.32)</u>	<u>(23.95)</u>

4. Control gained over entities

Name of entities (or group of entities)	Sacon Group Pty Ltd Coroma Consulting Pty Ltd
Date control gained	28 June 2017

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)

-

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)

-

On 28 June 2017, the Group acquired 100% interest of Sacon Group Pty Ltd and Coroma Consulting Pty Ltd. Sacon Group Pty Ltd and Coroma Consulting Pty Ltd contributed \$nil profit to the Group's consolidated loss from ordinary activities during the year ended 30 June 2017. Sacon Group Pty Ltd reported an operating profit after tax for the year ended 30 June 2017 of \$882,349. Coroma Consulting Pty Ltd reported an operating profit after tax for the year ended 30 June 2017 of \$582,605.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

	Amount per security Cents	Franked amount per security Cents
2015 Final dividend, paid 15 October 2015	3.00	3.00
2016 Interim dividend, paid 13 April 2016	2.50	2.50

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited and it is expected that an unqualified opinion will be issued.

10. Attachments

Details of attachments (if any):

An abridged set of unaudited financial statements for the year ended 30 June 2017 are presented below.

11. Signed



Signed _____

Date: 18 August 2017

Kevin McLaine
Director
Melbourne

PS&C Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated Group 2017 \$	2016 \$
Revenue	2	73,900,053	85,333,617
Other income	3	15,926	5,604,042
Expenses			
Third party materials and labour		(21,581,820)	(17,806,772)
Acquisition expenses		(67,035)	(987,541)
Employee benefits expense		(44,900,953)	(58,286,170)
Depreciation and amortisation expense		(272,544)	(259,218)
Impairment of assets		(6,852,985)	-
Write off of assets		(29,727)	(271,804)
Other expenses		(3,875,013)	(3,662,739)
Finance costs		(1,224,250)	(1,351,702)
Profit/(loss) before income tax expense		(4,888,348)	8,311,713
Income tax expense		(707,873)	(1,338,776)
Profit/(loss) after income tax expense for the year attributable to the members of PS&C Ltd		(5,596,221)	6,972,937
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of PS&C Ltd		<u>(5,596,221)</u>	<u>6,972,937</u>
		Cents	Cents
Basic earnings per share		(8.12)	11.12
Diluted earnings per share		(8.12)	11.12

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

PS&C Ltd
Statement of financial position
As at 30 June 2017

	Note	Consolidated Group	
		2017	2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		8,068,605	3,508,778
Trade and other receivables		11,240,954	16,245,280
Inventories		16,133	17,223
Income tax refund due		540,316	355,181
Other		1,547,734	1,325,139
Total current assets		<u>21,413,742</u>	<u>21,451,601</u>
Non-current assets			
Receivables		389,343	487,733
Property, plant and equipment		1,362,283	732,192
Intangibles	4	92,206,580	83,904,480
Deferred tax		1,046,532	1,227,769
Other		43,124	57,909
Total non-current assets		<u>95,047,862</u>	<u>86,410,083</u>
Total assets		<u>116,461,604</u>	<u>107,861,684</u>
Liabilities			
Current liabilities			
Trade and other payables		9,057,661	8,173,823
Borrowings	5	15,399,420	1,045,719
Employee benefits		1,298,626	1,234,253
Provisions	6	3,265,188	2,595,366
Deferred consideration	7	9,628,000	-
Other		2,762,149	3,403,523
Total current liabilities		<u>41,411,044</u>	<u>16,452,684</u>
Non-current liabilities			
Payables		370,647	477,069
Borrowings	8	-	15,455,876
Deferred tax		1,740	632
Employee benefits		276,452	231,588
Provisions	9	10,462,429	7,162,511
Total non-current liabilities		<u>11,111,268</u>	<u>23,327,676</u>
Total liabilities		<u>52,522,312</u>	<u>39,780,360</u>
Net assets		<u>63,939,292</u>	<u>68,081,324</u>
Equity			
Issued capital	10	58,643,072	57,220,527
Reserves		69,724	38,080
Retained profits		5,226,496	10,822,717
Total equity		<u>63,939,292</u>	<u>68,081,324</u>

The above statement of financial position should be read in conjunction with the accompanying notes

PS&C Ltd
Statement of changes in equity
For the year ended 30 June 2017

Consolidated Group	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2015	47,663,827	31,346	7,171,709	54,866,882
Profit after income tax expense for the year	-	-	6,972,937	6,972,937
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	6,972,937	6,972,937
<i>Transactions with members in their capacity as members:</i>				
Share-based payments	9,556,700	-	-	9,556,700
Employee share options reserve	-	6,734	-	6,734
Dividends paid	-	-	(3,321,929)	(3,321,929)
Balance at 30 June 2016	<u>57,220,527</u>	<u>38,080</u>	<u>10,822,717</u>	<u>68,081,324</u>
Consolidated Group	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2016	57,220,527	38,080	10,822,717	68,081,324
Loss after income tax expense for the year	-	-	(5,596,221)	(5,596,221)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,596,221)	(5,596,221)
<i>Transactions with members in their capacity as members:</i>				
Share-based payments	1,422,545	-	-	1,422,545
Employee share options reserve	-	31,644	-	31,644
Balance at 30 June 2017	<u>58,643,072</u>	<u>69,724</u>	<u>5,226,496</u>	<u>63,939,292</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

PS&C Ltd
Statement of cash flows
For the year ended 30 June 2017

	Note	Consolidated Group	
		2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		72,768,452	91,738,847
Payments to suppliers and employees (inclusive of GST)		<u>(64,199,733)</u>	<u>(88,851,132)</u>
		8,568,719	2,887,715
Interest received		16,496	26,878
Other revenue		377,477	-
Interest and other finance costs paid		(897,389)	(688,477)
Income taxes paid		<u>(970,056)</u>	<u>(2,144,329)</u>
Net cash from operating activities		<u>7,095,247</u>	<u>81,787</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	11	904,570	(1,731,644)
Payments for prior period's business acquisition	11	(1,426,675)	(7,502,653)
Acquisition Costs		(73,740)	(987,541)
Payments for property, plant and equipment		(832,939)	(479,228)
Payments for development of intangibles	4	-	(92,970)
Payments for security deposits		(4,958)	-
Proceeds from disposal of property, plant and equipment		497	-
Proceeds from release of security deposits		-	72,115
Net cash used in investing activities		<u>(1,433,245)</u>	<u>(10,721,921)</u>
Cash flows from financing activities			
Proceeds from borrowings	8	-	12,338,069
Dividends paid		-	(3,321,929)
Repayment of borrowings		<u>(1,102,175)</u>	<u>-</u>
Net cash from/(used in) financing activities		<u>(1,102,175)</u>	<u>9,016,140</u>
Net increase/(decrease) in cash and cash equivalents		4,559,827	(1,623,994)
Cash and cash equivalents at the beginning of the financial year		<u>3,508,778</u>	<u>5,132,772</u>
Cash and cash equivalents at the end of the financial year		<u><u>8,068,605</u></u>	<u><u>3,508,778</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable operating segments

The group is organised into 3 operating segments: People, Security and Communications. Operating segments are determined by distinguishable components where by the risk and returns are different from the other segments.

Types of products and services

The principal products and services of each of these operating segments are as follows:

People	The People segment, comprising Systems and People Pty Ltd, Bexton IT Services Pty Ltd, Sacon Group Pty Ltd and Coroma Consulting Pty Ltd, is involved in sourcing and providing specialist contractors to customers for medium and long term ICT projects, while also managing the payroll function for customers.
Security	The Security segment, comprising Pure Hacking Pty Ltd, Securus Global Consulting Pty Ltd, Hacklabs Pty Ltd and Certitude Pty Ltd, is involved in services and consulting around cyber security matters
Communications	The Communications segment, comprising Allcom Networks Pty Ltd and Allcom Consulting Services Pty Ltd, is involved in consulting and implementation of services around internet protocol telephony and network infrastructure

Intersegment transactions

There were no material transactions between operating segments.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

	People	Security	Communications	Corporate	Total
	\$	\$	\$	\$	\$
Consolidated Group - 2017					
Revenue					
Sales to external customers	45,645,347	12,304,793	15,949,913	-	73,900,053
Total revenue	<u>45,645,347</u>	<u>12,304,793</u>	<u>15,949,913</u>	<u>-</u>	<u>73,900,053</u>
EBITDA	3,775,218	2,806,499	504,857	(3,641,639)	3,444,935
Depreciation and amortisation	(35,865)	(94,435)	(107,977)	(34,267)	(272,544)
Impairment of assets	-	-	-	(6,852,985)	(6,852,985)
Interest revenue	114	2,677	1,736	11,969	16,496
Finance costs	(6,233)	-	(15,673)	(1,202,344)	(1,224,250)
Profit/(loss) before income tax expense	<u>3,733,234</u>	<u>2,714,741</u>	<u>382,943</u>	<u>(11,719,266)</u>	<u>(4,888,348)</u>
Income tax expense					(707,873)
Loss after income tax expense					<u>(5,596,221)</u>
Assets					
Segment assets	7,729,306	3,702,856	4,821,933	100,207,509	116,461,604
Total assets					<u>116,461,604</u>
Liabilities					
Segment liabilities	3,105,288	2,005,344	7,849,551	39,562,129	52,522,312
Total liabilities					<u>52,522,312</u>

Note 1. Operating segments (continued)

	People	Security	Communications	Corporate	Total
	\$	\$	\$	\$	\$
Consolidated Group - 2016					
Revenue					
Sales to external customers	56,825,112	12,514,657	15,993,848	-	85,333,617
Total revenue	56,825,112	12,514,657	15,993,848	-	85,333,617
EBITDA					
Depreciation and amortisation	(43,034)	(86,983)	(99,869)	(29,332)	(259,218)
Interest revenue	1,263	2,184	-	23,431	26,878
Finance costs	-	(646)	(2,043)	(1,349,013)	(1,351,702)
Other income	-	-	-	5,577,164	5,577,164
Profit before income tax expense	4,305,353	2,971,285	217,292	817,783	8,311,713
Income tax expense					(1,338,776)
Profit after income tax expense					6,972,937
Assets					
Segment assets	8,502,519	3,130,198	7,910,872	88,318,095	107,861,684
Total assets					107,861,684
Liabilities					
Segment liabilities	3,960,608	2,028,111	6,837,644	26,953,997	39,780,360
Total liabilities					39,780,360

Revenue by geographical area

There are no material sales to external customers outside of Australia.
There are no material holdings of non-current assets outside of Australia.

Note 2. Revenue

	Consolidated Group	
	2017	2016
	\$	\$
<i>Sales revenue</i>		
Sale of services	59,518,712	71,915,036
Sale of goods	14,003,864	13,418,581
	<u>73,522,576</u>	<u>85,333,617</u>
<i>Other revenue</i>		
Lease surrender fee	377,477	-
Revenue	<u>73,900,053</u>	<u>85,333,617</u>

Note 3. Other income

	Consolidated Group	
	2017	2016
	\$	\$
Net gain on disposal of property, plant and equipment	(570)	-
Interest income	16,496	26,878
Contingent consideration adjustments	-	5,577,164
Other income	<u>15,926</u>	<u>5,604,042</u>

The contingent consideration adjustments arise from a review of amounts due for earn-out purposes under the share purchase and sale agreements.

Note 4. Non-current assets - intangibles

	Consolidated Group	
	2017	2016
	\$	\$
Goodwill - at cost	<u>92,206,580</u>	<u>83,904,480</u>
Patents and trademarks - at cost	-	1,965
Less: Accumulated amortisation	-	(1,965)
	<u>92,206,580</u>	<u>83,904,480</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Goodwill	Patents and Trademarks	Development	Total
	\$	\$	\$	\$
Consolidated Group				
Balance at 1 July 2015	69,940,606	1,965	208,200	70,150,771
Additions	-	-	92,970	92,970
Additions through business combinations (note 11)	13,963,874	-	-	13,963,874
Write off of assets	-	-	(263,410)	(263,410)
Amortisation expense	-	(1,965)	(37,760)	(39,725)
Balance at 30 June 2016	83,904,480	-	-	83,904,480
Additions through business combinations (note 11)	15,155,085	-	-	15,155,085
Impairment of assets	(6,852,985)	-	-	(6,852,985)
Balance at 30 June 2017	<u>92,206,580</u>	-	-	<u>92,206,580</u>

Note 4. Non-current assets - intangibles (continued)

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to the consolidated entity's cash-generating units (CGU's) as follows:

	Consolidated Group	
	2017	2016
	\$	\$
People	47,025,786	31,870,701
Security	36,356,903	36,356,903
Communications	8,823,891	15,676,876
	<u>92,206,580</u>	<u>83,904,480</u>
Total	<u>92,206,580</u>	<u>83,904,480</u>

PS&C undertakes impairment testing of the relevant businesses as required. Impairment testing was performed at 30 June 2017 to support the carrying value of goodwill. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of the business. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using projected cashflows approved by the board covering year 1. The present value of future cash flows for years 2 to 5 have been calculated using a terminal growth rate of 3% (2016: 3%) and a discount rate of 12% (2016: 9.4%) has been used to determine value in use. In addition, average EBITDA growth rates used for years 2 to 5 were:

People:	7%
Security:	6%
Communications:	6%

The estimated recoverable amount exceeded/(did not exceed) the carrying value for each CGU by the following amounts:

	Consolidated Group	
	2017	2016
	\$	\$
People	36,032,239	16,574,282
Security	15,925,356	23,901,014
Communications	5,968,044	1,078,526
	<u>57,925,639</u>	<u>41,553,822</u>
Total	<u>57,925,639</u>	<u>41,553,822</u>

Impairment

At 31 December 2016, an impairment loss of \$6,852,985 was recognised in the profit and loss. This was a result of impairment testing undertaken whereby the carrying amount of the Communications CGU exceeding the recoverable amount.

Note 5. Current liabilities - borrowings

	Consolidated Group	
	2017	2016
	\$	\$
Bank loans	<u>15,399,420</u>	<u>1,045,719</u>

The current bank facility matures in January 2018.

Note 6. Current liabilities - provisions

	Consolidated Group	
	2017	2016
	\$	\$
Contingent consideration	3,265,188	2,595,366

Contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets, the majority of which may be satisfied by way of an issue of shares in PS&C Ltd. It is measured at the present value of the estimated liability.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated Group - 2017	Contingent Consideration \$
Carrying amount at the start of the year	2,595,366
Amounts transferred from non-current Payments	3,243,357 (2,849,220)
Unwinding of discount	275,685
Carrying amount at the end of the year	<u>3,265,188</u>

The net assets of the entities acquired and recognised in the 30 June 2016 financial statements was based on a provisional fair value assessment. The final assessment had not been completed by the date the 2016 financial statements were approved for issue by the Board.

The fair value assessment has now been finalised and therefore the 30 June 2016 comparative information has been updated to reflect adjustments to the provisional amounts. As a result, intangible assets increased by \$715,050 and contingent consideration (provisions) increased by \$715,050

Note 7. Current liabilities - deferred consideration

	Consolidated Group	
	2017	2016
	\$	\$
Deferred consideration	9,628,000	-

The deferred consideration represents the obligation to pay contingent consideration following the acquisition of a business or assets, the majority of which may be satisfied by way of an issue of shares in PS&C Ltd. It is measured at the present value of the estimated liability.

Note 8. Non-current liabilities - borrowings

	Consolidated Group	
	2017	2016
	\$	\$
Bank loans	-	15,455,876

Note 8. Non-current liabilities - borrowings (continued)

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated Group	
	2017	2016
	\$	\$
Bank loans	15,399,420	16,501,595

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated Group	
	2017	2016
	\$	\$
Total facilities		
Bank loans	17,550,000	20,300,000
Credit Card Facility	375,000	375,000
Indemnity/Guarantee Facilities	500,000	500,000
Electronic Payaway Facility	500,000	500,000
	<u>18,925,000</u>	<u>21,675,000</u>
Used at the reporting date		
Bank loans	15,399,420	16,501,595
Credit Card Facility	65,305	43,023
Indemnity/Guarantee Facilities	192,830	275,598
Electronic Payaway Facility	-	-
	<u>15,657,555</u>	<u>16,820,216</u>
Unused at the reporting date		
Bank loans	2,150,580	3,798,405
Credit Card Facility	309,695	331,977
Indemnity/Guarantee Facilities	307,170	224,402
Electronic Payaway Facility	500,000	500,000
	<u>3,267,445</u>	<u>4,854,784</u>

There is a corporate cross-deed of guarantee between the parent company and all subsidiaries ("General Security Agreement") which is secured by all present and after-acquired property.

Note 9. Non-current liabilities - provisions

	Consolidated Group	
	2017	2016
	\$	\$
Contingent consideration	10,462,429	7,162,511

Contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets, the majority of which may be satisfied by way of an issue of shares in PS&C Ltd. It is measured at the present value of the estimated liability.

Note 9. Non-current liabilities - provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated Group - 2017	Contingent Consideration \$
Carrying amount at the start of the year	7,162,511
Additions through business combinations (note 11)	6,539,751
Amounts transferred to current	(3,243,357)
Unwinding of discount	<u>3,524</u>
Carrying amount at the end of the year	<u><u>10,462,429</u></u>

Note 10. Equity - issued capital

	2017	Consolidated Group		2016
	Shares	2016	2017	2016
		Shares	\$	\$
Ordinary shares - fully paid	<u>70,113,762</u>	<u>66,067,022</u>	<u>58,643,072</u>	<u>57,220,527</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2015	55,675,076		47,663,827
Issue of shares on acquisition of Bexton	15 October 2015	1,735,072	\$0.84	1,458,328
Issue of shares to vendors in satisfaction of Earn Out payments	19 October 2015	7,591,661	\$0.93	7,052,653
Issue of shares on acquisition of Certitude	13 January 2016	<u>1,065,213</u>	\$0.98	<u>1,045,719</u>
Balance	30 June 2016	66,067,022		57,220,527
Issue of shares in satisfaction of Earn Out and other payments to Bexton	14 October 2016	<u>4,046,740</u>	\$0.35	<u>1,422,545</u>
Balance	30 June 2017	<u><u>70,113,762</u></u>		<u><u>58,643,072</u></u>

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 11. Business combinations

(a) Current Period

Sacon Group Pty Ltd

On 28 June 2017 PS&C Ltd acquired 100% of the ordinary shares of Sacon Group Pty Ltd. This is an IT consulting business and operates in the People division of the consolidated entity. Details of the purchase consideration, the net assets acquired and goodwill are set out below. The goodwill of \$9,819,008 represents the amount of consideration paid for the business acquisition less fair value of net assets, plus additional amounts paid for performance, both current and implied by forecasts. The acquired business contributed no revenues or profit from 28 June 2017 to 30 June 2017. If the acquisition occurred on 1 July 2016, the full year contribution would have been profit after tax of \$882,349. Under the terms of the agreement, the parent entity may have to pay more (or less) than what has been provided for in contingent consideration if the entity's operating performance is better (or worse) than forecast for the purposes of calculating contingent consideration. The Directors are still assessing any potential impacts to the total consideration transferred whilst within the measurement period.

Coroma Consulting Pty Ltd

On 28 June 2017 PS&C Ltd acquired 100% of the ordinary shares of Coroma Consulting Pty Ltd. This is an IT consulting business and operates in the People division of the consolidated entity. Details of the purchase consideration, the net assets acquired and goodwill are set out below. The goodwill of \$5,336,077 represents the amount of consideration paid for the business acquisition less fair value of net assets, plus additional amounts paid for performance, both current and implied by forecasts. The acquired business contributed no revenues or profit from 28 June 2017 to 30 June 2017. If the acquisition occurred on 1 July 2016, the full year contribution would have been profit after tax of \$582,602. Under the terms of the agreement, the parent entity may have to pay more (or less) than what has been provided for in contingent consideration if the entity's operating performance is better (or worse) than forecast for the purposes of calculating contingent consideration. The Directors are still assessing any potential impacts to the total consideration transferred whilst within the measurement period.

Note 11. Business combinations (continued)

Details of the acquisition are as follows:

	Sacon Group Pty Ltd Fair value \$	Coroma Consulting Pty Ltd Fair value \$	Total Acquired Fair value \$
Cash and cash equivalents	162,224	742,346	904,570
Trade receivables	728,564	703,664	1,432,229
Income tax refund due	241	-	241
Prepayments	2,727	33,794	36,521
Plant and equipment	1,329	12,748	14,077
Motor vehicles	86,411	-	86,411
Trade payables	(108,084)	(85,167)	(193,251)
Provision for income tax	-	(259,634)	(259,634)
Employee benefits	(13,546)	(99,013)	(112,559)
Other liabilities	(302,250)	(593,688)	(895,939)
Net assets acquired	557,616	455,050	1,012,666
Goodwill	9,819,008	5,336,077	15,155,085
Acquisition-date fair value of the total consideration transferred	<u>10,376,624</u>	<u>5,791,127</u>	<u>16,167,751</u>
Representing:			
Deferred consideration	6,300,000	3,328,000	9,628,000
Contingent consideration - non-current	4,076,624	2,463,127	6,539,751
	<u>10,376,624</u>	<u>5,791,127</u>	<u>16,167,751</u>
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	10,376,624	5,791,127	16,167,751
Less: cash and cash equivalents	(162,224)	(742,346)	(904,570)
Less: deferred consideration	(6,300,000)	(3,328,000)	(9,628,000)
Less: contingent consideration	(4,076,624)	(2,463,127)	(6,539,751)
Net cash received	<u>(162,224)</u>	<u>(742,346)</u>	<u>(904,570)</u>

Acquisition costs expensed to the statement of profit or loss and other comprehensive income during the year ended 30 June 2017 amounted to \$67,035 (2016: \$987,541) for services provided by consultants and legal advisers as well as share issue costs. This was incurred in relation to existing businesses and prospective transactions.

During the year ending 30 June 2017, cash payments of \$1,426,675 were made to the vendors of the businesses acquired in prior period, in satisfaction of earn out payments as per the terms of the share sale and purchase agreements. In addition, \$1,422,545 worth of PS&C Ltd shares (equal to 4,046,740 shares) were issued in satisfaction of earn out payments, as per the terms of the share sale and purchase agreements.

Note 11. Business combinations (continued)

(b) Prior Period

Bexton Pty Ltd

On 1 October 2015 PS&C Ltd acquired 100% of the ordinary shares of Bexton IT Services Pty Ltd. This is an IT consulting business and operates in the People division of the consolidated entity. Details of the purchase consideration, the net assets acquired and goodwill are set out below. The goodwill of \$11,962,825 represents the amount of consideration paid for the business acquisition less fair value of net assets, plus additional amounts paid for performance, both current and implied by forecasts. 75% of contingent consideration amounts payable may be satisfied by way of an issue of shares at the Company's discretion.

Certitude Pty Ltd

On 1 January 2016 PS&C Ltd acquired 100% of the ordinary shares of Certitude Pty Ltd. This is an IT consulting business and operates in the Security division of the consolidated entity. Details of the purchase consideration, the net assets acquired and goodwill are set out below. The goodwill of \$2,001,049 represents the amount of consideration paid for the business acquisition less fair value of net assets, plus additional amounts paid for performance, both current and implied by forecasts.

Details of the acquisition are as follows:

	Bexton IT Services Pty Ltd Fair value \$	Certitude Pty Ltd Fair value \$	Total Acquired Fair value \$
Cash and cash equivalents	307,870	506,442	814,312
Trade receivables	373,841	120,038	493,879
Other current assets	175,879	8,524	184,403
Plant and equipment	3,214	1,088	4,302
Motor vehicles	-	7,837	7,837
Deferred tax asset	40,841	37,435	78,276
Trade payables	(66,678)	(593)	(67,271)
Provision for income tax	(236,899)	(98,743)	(335,642)
Employee benefits	(196)	(105,661)	(105,856)
Other liabilities	(455,160)	(73,978)	(529,138)
Net assets acquired	142,712	402,389	545,102
Goodwill	11,962,825	2,001,049	13,963,874
Acquisition-date fair value of the total consideration transferred	<u>12,105,537</u>	<u>2,403,438</u>	<u>14,508,976</u>
Representing:			
Cash paid or payable to vendor	1,500,237	1,045,719	2,545,956
PS&C Ltd shares issued to vendor	1,766,198	1,045,719	2,811,917
Contingent consideration	8,839,102	312,000	9,151,102
	<u>12,105,537</u>	<u>2,403,438</u>	<u>14,508,975</u>
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	12,105,537	2,403,438	14,508,975
Less: cash and cash equivalents	(307,870)	(506,442)	(814,312)
Less: contingent consideration	(8,839,102)	(312,000)	(9,151,102)
Less: shares issued by company as part of consideration	(1,766,198)	(1,045,719)	(2,811,917)
Net cash used	<u>1,192,367</u>	<u>539,277</u>	<u>1,731,644</u>

Note 11. Business combinations (continued)

The net assets recognised in the 30 June 2016 financial statements was based on a provisional fair value assessment. The final assessment had not been completed by the date the 2016 financial statements were approved for issue by the Board. The fair value assessment has now been finalised and therefore the 30 June 2016 comparative information has been updated to reflect adjustments to the provisional amounts. As a result, intangible assets increased by \$715,050 and contingent consideration (provisions) increased by \$715,050.

	Consolidated Group	
	2017	2016
	\$	\$
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	16,167,751	14,508,975
Less: cash and cash equivalents	(904,570)	(814,312)
Less: contingent consideration	(6,539,751)	(9,151,102)
Less: shares issued by company as part of consideration	-	(2,811,917)
Less: deferred consideration	(9,628,000)	-
	<u>(904,570)</u>	<u>1,731,644</u>
Net cash used/(received)		

Note 12. Events after the reporting period

On 7 July 2017, 14,000,000 shares in PS&C Ltd were issued to the vendors of Sacon Group Pty Ltd and Coroma Consulting Pty Ltd (as per Appendix 3B released to the ASX), as partial consideration for the purchase of these entities. This is included in the provision for contingent consideration at 30 June 2017 - refer to the Business Combination note for further information.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.